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## **Creating Shared Value for Millennial Age: Case Study of PT. Nestle Indonesia**

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### **Abstract**

This study aims to describe CSV based on community empowerment, especially in the millennial generation. The research method used is qualitative with a case study approach. Data collection techniques used interviews. Interviews were conducted with two key informants, namely Sahlan Junaedy (FFPM staff) and Pariatmoko (MPDD staff) Data processing uses triangulation to obtain valid and credible information. The results showed that Nestle's CSV in community empowerment programs, young people or millennials were quite involved. Among other things, clean water supply programs and nutrition programs such as: young people are involved in the provision of clean water including managing HIPAM, school children in nutrition programs, and others. The recommendation in this study is that the presence of CSV from Nestle has an influence on the millennial generation, especially in the sustainability of smallholder farms, especially for young breeders.

Keywords: Creating Shared Value, Community Empowerment, Millennial Generation.

### **Abstrak**

Penelitian ini bertujuan mendeskripsikan CSV berdasarkan pemberdayaan masyarakat terutama pada generasi milenial. Metode penelitian yang digunakan ialah kualitatif dengan pendekatan studi kasus. Teknik pengambilan data yang digunakan ialah wawancara. Wawancara dilakukan dengan dua informan kunci yaitu Sahlan Junaedy (staff FFPM) dan Pariatmoko (staff MPDD). Pengolahan data menggunakan triangulasi untuk mendapatkan informasi yang valid dan kredibel. Hasil penelitian menunjukkan bahwa CSV dari Nestle dalam program pemberdayaan masyarakat, anak-anak muda atau generasi milenial cukup

banyak dilibatkan. Antara lain program pengadaan air bersih dan program nutrisi seperti: Anak-anak muda dilibatkan dalam pengadaan air bersih termasuk mengelola HIPAM, anak-anak sekolah dalam program gizi, dan lain-lain. Rekomendasi pada penelitian ini adalah dengan adanya CSV dari Nestle memiliki pengaruh terhadap generasi milenial terutama dalam keberlanjutan peternakan rakyat, khususnya bagi peternak muda.

Kata kunci: Creating Shared Value, Pemberdayaan Masyarakat, Generasi Milenial.

## **INTRODUCTION**

Corporate Social Responsibility (CSR) is a form of corporate social responsibility to affected communities by distributing the company's economic profits which are calculated as a percentage. CSR focuses on compliance with relevant regulations, and generosity which has the core goal of enhancing the reputation of the corporation (Kitzmueller & Shimshack, 2012). In reality, sometimes CSR is not effective, inefficient, or not on target in carrying out accountability to affected communities. In this condition, companies should pay more attention to the needs of the community in managing forms of corporate responsibility based on shared growth. Companies must ensure that the value distributed to society is effective, efficient, and on target.

In 2006 a new method was introduced with the system developing business strategies for generating profits and promoting social growth. Business choices are a source of opportunity, innovation elevation, and comparative advantages. CSR as a classic form of social responsibility has been transformed into shared value creation. Creating Shared Value (CSV), then explored again in 2011 in the Harvard Business Review by Porter and Kramer. They explain that the concept of shared value can be defined as operational policies and practices that increase the competitiveness of companies, while fostering economic and social conditions that focus on identifying and expanding the interconnections between social and economic progress.

Viewed from the perspective of the company, a number of studies view that CSV has a positive side, especially if in its implementation it uses certain methods that are suitable for creating shared value (CSV) between companies and beneficiaries. There is a research gap between those who view CSV as positive for the company and research that sees the negative side of CSV for the company. Positive aspects of CSV from the company's perspective include, among others, CSV can increase morale performance, job satisfaction, increase economic growth and create job opportunities. The use of energy and logistics, resources, distribution, employee productivity, spatial planning, as well as the activation of local clusters are the main lines in creating shared value. In particular, employees as local partners are perceived to receive socio-economic benefits that are directly proportional to their productivity (Zalpa, 2017). In other words, it can convert social aspects into business opportunities; can mediate between social capital and value co-creation; can foster new ways to create shared value through raising awareness and spreading knowledge about the environment; able to create shared value through technical education; and can mobilize the participation of company employees for social action (Wójcik, 2016; Yoon & Lee, 2019; Haskell & Pálhed, 2016; Sunaryo, 2015; Kitchen, 2005; Adler & Heckscher, 2018). Meanwhile, the

negative aspect of CSV from the company's perspective is the creation of interdependence between the company and its stakeholders, but it is dominated by the company's interests; CSV pays less attention to the norm side; the company lacks sensitivity; and CSV is less than optimal from the communication aspect (Lee, 2019; Laudal, 2018; Invernizzi et al., 2016).

From a beneficiary's perspective, there is a research gap between studies that view CSV as positive for beneficiaries, but there are also studies that view CSV as negative for beneficiaries. Positive aspects of CSV from the company's perspective include, among others: CSV is able to provide welfare impacts to farming communities in a sustainable manner; CSV has become an organizational commitment to create shared value by providing maximum benefits for business organizations and society; CSV has succeeded in developing a community with an initiative system from each cluster; and able to adopt a collective impact approach (Kitchen, 2005). Meanwhile, the negative aspect of CSV from the perspective of the beneficiary is that it is considered a business strategy and not a corporate social responsibility that is obliged to ensure the welfare of farming communities, or as CSR-washing that rides a CSR mechanism. In addition, suspicions that the company's efforts to do good in society have also been identified as one of the common obstacles to CSV implementation (Nurhikmah, 2016; Bergengren & Präauer, 2016).

CSV on the one hand is considered to provide welfare benefits for the community, create jobs, and other social values. This is revealed in the research of (Wójcik, 2016; Motilewa et al., 2016). However, not a few doubted the substance of the benefits of CSV, with various accusations including CSR-washing and a strategy for the company's business interests alone. This was revealed, among others, in the research of (Nurhikmah, 2016). The research-gap above shows that there are two views that see the positive and negative sides of CSV, both from the perspective of the company and from the perspective of the beneficiary. In addition, from the beneficiary's perspective, it appears that previous studies have not elaborated on the extent to which CSV provides benefits for beneficiaries in the millennial generation. Therefore, the authors consider it significant to conduct a study that explores the effectiveness of CSV from the perspective of the company and from the perspective of the beneficiary, and (from the beneficiary's perspective) to compare the benefits of CSV for millennial and non-millennial beneficiaries. Based on the above background, the author wants to conduct research on the object of research at the PT Nestlé Indonesia factory in Kejayan, East Java, which produces, among others, Dancow and Bearbrand milk. The reason for choosing this company is because when viewed from the CSR continuum to CSV, starting from the least value-added CSR to value added CSR or known as CSV, then PT Nestlé Indonesia is known as an MNC company in Indonesia that has consistently implemented CSV (Report Annual PT Nestlé Indonesia, 2013).

Afif (2017) comparing the Bakrie Business Group's (KUB) CSR with PT Nestlé Indonesia's CSV, found that the Bakrie Business Group's CSR practices are only charity, philanthropy, or community development. Meanwhile, the CSV program by PT Nestlé Indonesia was able to achieve economic success, and community empowerment as well as increasing the reputation of the companies that followed it. Research conducted by Mufidah & Adi (2018) suggests that community empowerment can be carried out using the Creating Shared Value (CSV) program, which from the results of the study shows that the

CSV program has a positive impact, especially for dairy farmers and in order to reduce poverty and unemployment in rural areas.

This research refers to the research of Bustam (2013) and Mufidah & Adi (2018). Bustam's research (2013) compares the CSR of the Bakrie Business Group (KUB) with the CSV of PT Nestlé Indonesia. Meanwhile, Mufidah & Adi's research (2018). Research on Community Empowerment by PT Nestle Indonesia through the Budi Luhur Dairy Cattle Group. However, to distinguish this research from Bustam's (2013) research, this study will examine the CSV of PT Nestlé Indonesia, especially community empowerment, especially in the millennial generation.

According to the 2014-2015 National Socio-Economic Survey (SUSENAS) data, Indonesia's population is 254.9 million and the workforce is 128.3 million. In 2020, the number of productive age (15-35 years) is estimated to increase by 50-60% (BPS, 2015). This productive age range is commonly known as the millennial age group. This group will continue to increase in number until the peak of the demographic bonus in 2030-2040 (BAPPENAS, 2017). This needs to be the attention of the government, the private sector, and other parties to capture the great potential of this millennial age group. This can be done through various programs, both government programs and job creation, CSR, or others by the private sector, so that this millennial age group does not become a burden in the future.

Big companies, especially those that manage plantations and livestock, are expected to also pay attention to social responsibility towards the surrounding community, especially for the millennial age group. Social responsibility to the beneficiaries (surrounding communities) must ensure an increase in welfare, which is directly proportional to the increase in plantation or livestock yields. Indicators of community welfare are not only the fulfillment of the family's economic needs, but also the continuity of generations to continue the field of work.

The millennial generation is a demographic bridge to the future of a diverse nation. This means that millennials will pave the way for the generations behind them as workers, consumers, and leaders in business and government, and welcome a more diverse compatriot of tomorrow. As a 'bridge' to the future, this very diverse generation will face both opportunities and challenges. The classic problems faced by previous generations will remain. The difference is that the millennial generation will affect the quality of the problems they face today and in the future. From the two main opinions regarding CSV, the authors choose research problems related to CSV based on community empowerment, especially in the millennial generation.

## **RESEARCH METHOD**

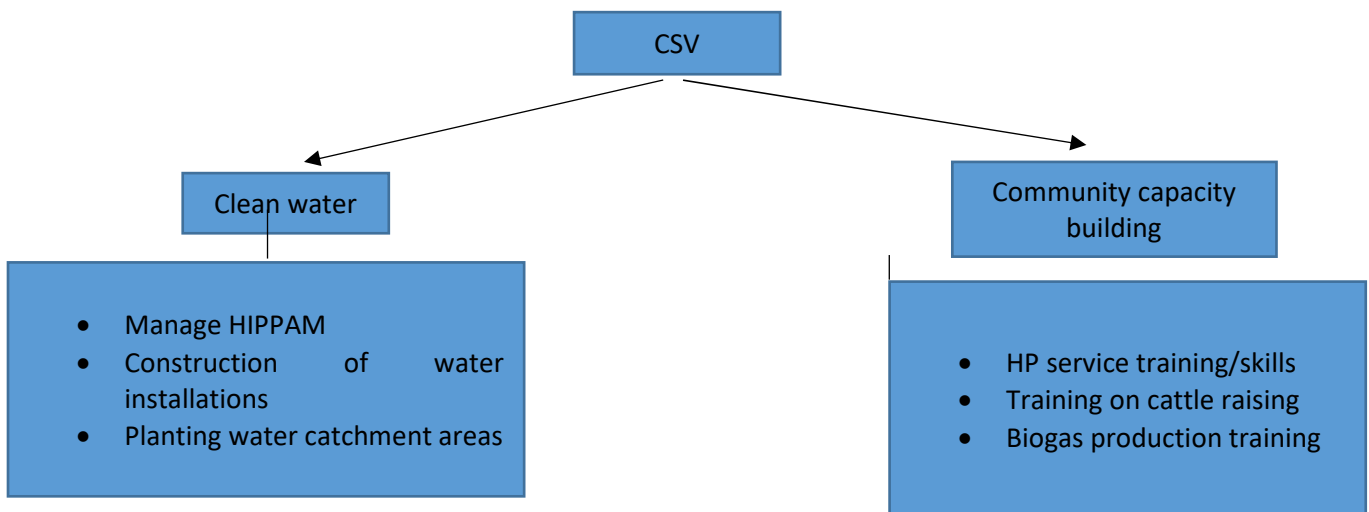
This study uses a qualitative method in data collection and its paradigm. Based on its nature, the data in this study is qualitative data, namely data that is not in the form of numbers (non-numeric) (Supranto, 2008: 9). The qualitative data in question is data related to how to answer the research problem formulation, namely regarding the perception of the value of the contribution of the CSV program at the PT Nestlé Indonesia factory in Kejayan, East Java. The value of the CSV contribution is based on the millennial generation's perception of the value of the contribution of the PT Nestlé Indonesia factory CSV program. This type of data uses primary data. Primary data is data that is collected and processed by an organization or individual directly from the object (Supranto, 2008: 11). The primary data used is through

interviews with the millennial generation regarding the perceived value of the contribution of the CSV program at the PT Nestlé Indonesia factory in Kejayan, East Java. The data analysis technique uses qualitative data analysis techniques, namely by (1) checking the validity (validity) of research data, (ii) data reduction, (iii) writing reports to answer research problems.

## RESULTS AND DISCUSSION

CSV Based on Community Empowerment, Especially Millennial Generation at PT Nestlé Indonesia. The role of young people or the millennial generation in community empowerment or the sustainability of people's livestock is visible in both empowerment strategies and targets and livestock development strategies. The reluctance of young people or the millennial generation to continue people's livestock because the farm still spends too much energy and time or in other words it is not yet modern. The community empowerment program through the CSV program at the Nestle company uses three pillars, namely clean water, nutrition and community capacity building. However, in community empowerment, especially for the millennial generation, only two programs are used, namely clean water and community capacity building. For more details, see the following image:

**Figure 1:** Creating Shared Value



*Source: Nestle CSV Program*

Based on the clean water program, young people are involved in the provision of clean water, including managing HIPPAM. In addition, it is more comprehensively explained that the existence of CSV from Nestle has an influence on the sustainability of smallholder farms, especially for young breeders, which may be more known by the community or MPDD. However, the effect of this program on the millennial age range in general can be seen, among others: the involvement of young people of productive age in managing HIPPAM, labor-intensive programs during the construction of water installations, social mapping in assessments with Karang Taruna, then the use of clean water also aims to improve quality of life, especially for young people, and then planting water catchment areas not only to plant wood trees but also to plant fruit trees whose fruit can be used to improve the nutrition of residents and young people. This is also a strategy so that the tree is not cut down immediately when it is big, because the fruit can still be used every season.

Community capacity programs from CSV programs carried out by Nestle are capacity building, HP service training, cattle breeding training and biogas production training, and other potentials. Empowerment program for people's livestock development with cooperatives, biogas, grass land management for the sustainability of people's livestock. The welfare of farmers can be seen from the adaptation to technology and modernization. In addition, the regeneration of breeders, especially the millennial generation, is also quite high with many people being involved and continuing the people's farming. The involvement of Nestlé CSV is recognized by breeders in the welfare of breeders and attracts the interest of the millennial generation.

Based on these results, it can be seen that CSV has a positive side, especially if in its implementation it uses certain methods that are suitable for creating shared value (CSV) between the company and the beneficiaries in this case are the millennial generation. This means that Nestle's CSV program has a positive impact on the community. These results are as expressed by (Camilleri, (2012; Wójcik, 2016; Yoon & Lee, 2019; Haskell & Pålhed, 2016; Irkham, 2015; Alcaraz et al., 2019; Alder & Heckscher, 2018). This result is also in line with research conducted by Mufidah & Adi (2018) which suggests that community empowerment can be carried out using the Creating Shared Value (CSV) program, which from the results of the study shows that the CSV program has a significant impact. especially for dairy farmers and in order to reduce poverty and unemployment in rural areas.

CSV has a positive impact CSV from the company's perspective includes, among others, CSV can increase morale performance, job satisfaction, increase economic growth and create job opportunities. The use of energy and logistics, resources, distribution, employee productivity, spatial planning, as well as the activation of local clusters are the main lines in creating shared value. In particular, employees as local partners are perceived to receive socio-economic benefits that are directly proportional to their productivity. In other words, it can convert social aspects into business opportunities; can mediate between social capital and value co-creation; can foster new ways to create shared value through raising awareness and spreading knowledge about the environment; able to create shared value through technical education; and can mobilize the participation of company employees to act socially (Harahap & Anisyah, 2021).

The disinterest of young people usually occurs when the work is considered heavy and requires a lot of energy, while the impact is small because the cows produce little. Adequate income impact when the number of production cows reaches 20 heads/family of breeders. With a fairly large number of dairy cows and efforts to continue to increase this, it is no longer sufficient when using conventional rearing patterns (Teguh et al., n.d.). This may make it difficult for young people (millennials) to take an interest in the dairy farming profession. Another thing is the land inheritance system in Indonesia which is slightly counterproductive to the development of smallholder livestock. For example, 1 hectare of land for raising livestock when it will be inherited will definitely be divided into as many as a number of children. This separation of land makes the farm land smaller. When compared to the pattern abroad, the inheritance of livestock land is not allowed to be divided but is given to children (parties) who can continue farming with the intact land area. This causes the farm can continue to grow. MPDD strives for the modernization of people's livestock, one of which is for the purpose of maintaining the sustainability of people's livestock for young people.

## CONCLUSION

The results showed that Nestle's CSV in community empowerment programs, young people or millennials were quite involved. Among other things, clean water supply programs and nutrition programs such as: Young people are involved in the provision of clean water including managing HIPAM, school children in nutrition programs, and others. The recommendation in this study is that the presence of CSV from Nestle has an influence on the millennial generation, especially in the sustainability of smallholder farms, especially for young breeders.

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